

**Introduced by Senator Alarcon**

February 21, 2003

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An act to add Chapter 21 (commencing with Section 9900) to Division 3 of the Business and Professions Code, relating to business ethics.

LEGISLATIVE COUNSEL'S DIGEST

SB 821, as introduced, Alarcon. Commission on Business Ethics.

Existing law requires the Department of Consumer Affairs to regulate various professions and vocations.

This bill would create the Commission on Business and Ethics. The bill would specify that its 6 members would be selected by the Director of the Department of Consumer Affairs, subject to approval by the Governor. The bill would require commencing June 1, 2005, the commission to establish and administer an exam that a person graduating with a specified business degree would be required to pass. The bill would additionally require these persons, on or after June 1, 2005, to pass a class in business ethics.

The bill would require the commission to be funded by the Department of Consumer Affairs in the 2003–04 fiscal year. The bill would authorize the commission to charge a fee for taking the business ethics exam. The bill would require these fees to be placed in the newly created Commission on Business Ethics Fund and, upon appropriation, would authorize their use for specified purposes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Chapter 21 (commencing with Section 9900) is added to Division 3 of the Business and Professions Code, to read:

CHAPTER 21. BUSINESS ETHICS

9900. The California Commission on Business Ethics is hereby created in state government.

9901. (a) The commission shall be comprised of the following six members:

(1) One professor of business from the University of California system.

(2) One professor of business from the California State University system.

(3) One professor of business from the California Community College system.

(4) One professor of business law or legal ethics from an accredited California law school.

(5) One professor of business from a private California accredited four year institution.

(6) One professor in a masters in business administration program at a California accredited public or private institution.

(b) All commission members shall be selected by the Director of the Department of Consumer Affairs, subject to the approval of the Governor.

(c) The Director of the Department of Consumer Affairs shall serve as an ex officio member of the commission.

9902. (a) (1) Commencing on June 1, 2005, the commission shall establish and annually administer an exam to each person graduating with a business degree in a specific area of study, as determined under subdivision (b), from an accredited two-year or four-year institution, or with a masters in business administration.

(2) Each person subject to paragraph (1) shall pass the exam prior to engaging in that business.

(b) A list of the areas of study in subdivision (a) shall be determined by the commission.

9903. (a) Commencing on June 1, 2005, each person graduating with a degree in business from an accredited two or

1 four year institution, or with a masters in business administration,  
2 shall pass a class in business ethics prior to graduation.

3 (b) The commission shall compile a list of required subject  
4 matter for the business ethics class by June 1, 2004.

5 (c) The subject matter in subdivision (b) shall be appropriately  
6 and adequately included in the exam administered by the  
7 commission.

8 9904. (a) In the 2003–04 fiscal year, the commission shall be  
9 funded by money the Department of Consumer Affairs receives in  
10 the Budget Act of 2003.

11 (b) Thereafter, the commission shall be funded by fees it  
12 receives from the exam required by Section 9902. The amount of  
13 these fees shall be established by the commission.

14 (c) These fees shall be deposited in the Commission on  
15 Business Ethics Fund which is hereby created. Upon  
16 appropriation, these funds shall be available for the purposes of  
17 this chapter, including, but not limited to, providing educational  
18 seminars to individuals in specified professions or vocations who  
19 received business degrees before and after June 1, 2005.

